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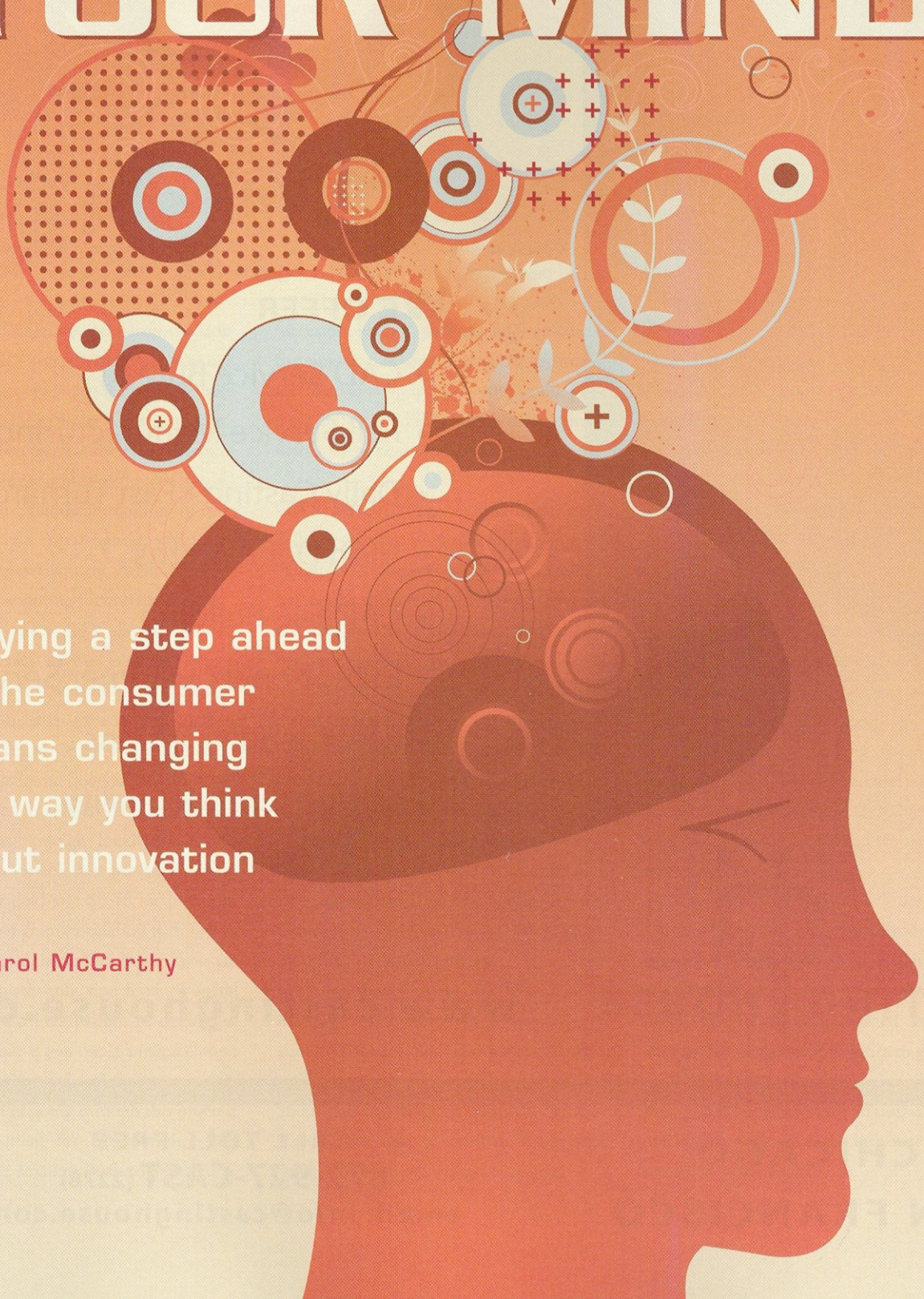

Staying a step ahead of the consumer means changing the way you think about innovation

by Carol McCarthy

Editor's Note: *In part one of our two-part series on making innovation pay, innovation experts Jim Carroll and Annette Moser-Wellman discuss keeping up with changing consumer needs and generating products and displays that exceed expectations. Next month, we'll focus on innovative marketing strategies that put those products and ideas in front of the right people.*

Carroll and Moser-Wellman are two of the featured speakers in the Thinking Ahead *Innovation Area at the 2008 MJSA Expo New York.* *For more information, see page 19.*

Adapt or die.

Such advice is blunt and Darwinian, but it is at the heart of the message that innovation consultants Jim Carroll and Annette Moser-Wellman bring to the business world. And it comes at a time when the jewelry industry is looking as brutal as the proverbial jungle. Crushing price competition from overseas, rising metals prices, a shaky economy, and a shift in consumer interest to all things high-tech are just some of the pressures facing the industry.

Add to that the rapid pace of change in the consumer sector and you have a real challenge. Business trends that waxed and waned over a period of five years or more in the good old days now cycle through in half that time, says Carroll, author of *Ready, Set, Done: How to Innovate When Faster Is the New Fast.* To stay ahead of this change, "you have to start designing the future instead of letting the future design you," says Moser-Wellman, author of *The Five Faces of Genius: Creative Thinking Styles to Succeed at Work.* What's driving this new need for speed? The customer.

"We're dealing with very different consumers than we were five or 10 years ago," says Carroll, who cites recent consumer-shopping research that finds customers scan 12 feet of store shelves a second because they are so pressed for time. They want to find what they need fast, are looking for pre-packaged solutions, and expect ease and interactivity.

"In the outdoor living industry, stores feature entire 'outdoor rooms' packaged together for purchase: from the patio lights to the plants to the table and chairs. Think of your product as a small part of a living solution, because what the customer wants to buy is a solution," he says.

It's a notion that can be translated to the jewelry industry. A graduation gift package at a high-end store might include an iPod or iPhone, a package of essentials for throwing a party, and a milestone piece of jewelry or a jeweled accessory for those gadgets. "That's how you begin to go premium," Carroll says.

In order to stay on top, you need to anticipate consumer needs, agrees Moser-Wellman. "Be consumer-obsessed," she says. "Ask: Can we get into their heads and learn what five things they want, and can we create that in new and different ways? There's more change ahead and you need to know what they want before they know it."

DESIGN MATTERS

Good design is an effective way to capture the attention of the time-pressed consumer, and that is good news for the jewelry industry, in which design is one area that can set a company apart from the competition. "More and more people are responding to design, and that's a big opportunity," Moser-Wellman says. Target is a great success story for figuring out that consumers appreciate design in all aspects of their daily lives, and for finding ways to provide it at affordable prices. There is no "Target" of the jewelry industry, so think about how to become that, she suggests.

To put design at the forefront, large companies need to bring designers into the management and decision-making fold early on. Get them thinking not just about their next product, but about the business model to make it succeed, she says. A company such as Apple organizes around innovation by letting its design people lead the way. "The designers work directly with Steve Jobs. New products aren't designed by committee," she says,

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noting that too many layers can impede creativity. She suggests that companies maintain a "basket of ideas" and continually refill it. And at least one of those ideas should be a scary, risky, "genius" idea, she says. For smaller companies that might have only one designer on hand, the idea is to tap into the creativity of those who you might not think of as being idea generators: your capable administrative assistant, or your confidante at your ad firm.

Design matters in in-store displays as well, and that's an area where jewelry retailers could use some innovation. Carroll has noticed a trend for more interactive store displays, which appeal to consumers at ease with the Internet, video games, and all things electronic. "Customers are coming to expect changes in displays," Carroll says. "Say they've just come from the Apple Store—the coolest store on the planet—and then they come into your jewelry store and step back 30 years."

Enter CAD/CAM. This is an area in which jewelry retailers have an opportunity to go high-tech and appeal to tech-minded consumers. Some are already embracing CAD/CAM and selling virtual inventory in their stores. If the customer is expecting change, what can you do to alter the traditional display of jewelry in glass cases? With rendering capabilities that rival the best jewelry photographs, CAD/CAM can surely offer some answers.

GENERATION GAP

One issue that can keep your company from being at the forefront is the generational disconnect between those running the company (Baby Boomers, for the most part) and the younger people who are shopping for your products. That disconnect becomes apparent when a company staffs a store or a trade show with salespeople who are less tech-savvy than the people they are trying to attract as buyers. Their level of discomfort will be evident to the customer, Carroll says. "Tap into the insight of the younger generation," he says. To do this, consider hiring younger staff in roles that put them in contact with customers, as well as within the company where ideas are germinated. Or for a small firm that doesn't do a lot of hiring, consider bringing in a focus group of people under 30 and bouncing ideas off them.

And keep in mind that the "younger" mindset is getting older every day, encompassing a wider audience. Carroll says advertising dollars are shifting from print media to online and video games, with the realization that gamers no longer are teenage boys with a weekly allowance, but men in their late 30s and older. "They're 38 years old and they have disposable income," he says. "You need to reach out to them." That appetite for high-tech goodies also creates an opportunity for the jewelry industry, Moser-Wellman says. "If people are saying, I'd rather be seen with my iPhone than my diamond ring, what do you do?" she asks. What you do is design iPhone cases or headphones for iPods that are bejeweled or made of precious metals. "The iPhone is a portable piece of art, and that's what jewelry is, so if you can't beat them, join them," she says.

BABY STEPS

However, before you can implement any of these innovations, your company must learn to think differently, and Moser-Wellman suggests thinking like a creative genius. "It takes a whole new skill set. In our culture, we don't value creativity," she says. "We educate kids to think in linear ways. The downside risk of that is new ideas and innovation come from creativity."

In her book on genius and creativity,

10 INNOVATION KILLERS

Jim Carroll cites these common thoughts that block efforts at innovation:

- We've always done it this way.
- It won't work.
- That's the dumbest thing I ever heard.
- That's not my problem.
- You can't do that.
- I don't know how.
- I don't think I can.
- I didn't know that.
- The boss won't go for it.
- Why should I care?

Moser-Wellman looks at how highly creative people get their ideas and how to apply that kind of thinking in the workplace. For example, a person who thinks like a seer would envision a solution to a problem in his or her mind's eye. A real-world example of that is King Gillette, who imagined the twin-blade razor that bears his name while shaving with a dangerous single-edge blade.

"It's the accumulation of baby steps...that brings you to a whole new way of doing things," says Carroll.

But even genius ideas proceed by small increments, and Carroll suggests that the best way to make a big change is to make a series of smaller ones. Try different things in small bites as a way to minimize risk, a concept he calls "experiential capital." Carroll suggests taking one risk at a time. Perhaps, instead of using print advertising for a product campaign, put your resources into direct mail targeted at a demographic you have never targeted before. Or create a few prototypes of a product that's radically different from anything you have done before, and put it out there—in a few of your high-traffic stores, for example—just to see how it does. Begin building experiential capital by first recognizing that change is a constant—a constant that is accelerating. Then ask yourself what you can do to run your business better, what you can do to grow your business, and finally, what you can do to transform your business. "Take a lot of baby steps," Carroll says. "It's the accumulation of baby steps, trying different things, that brings you to a whole new way of doing things. Eventually, those small steps lead to big things."

Amidst all this change, the good news for this industry is that jewelry has been an important part of human culture for thousands of years, and that's one thing that likely won't change. "Jewelry isn't going away," says Moser-Wellman. "It's close to godliness in that it's about art; it's always going to be there." What does need to change is the way jewelry companies make their products appealing to the changing consumer market. ◆

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